

Maryland Higher Education Commission

FY 2007 Operating Budget Analysis

MHEC Responses to DLS Analyst Questions

1. The Secretary should comment on how MHEC plans to improve retention and graduation rates at HBIs since funding is going directly to the institutions.

The retention and graduation rates of African American students in our State are vital to ensuring the success of Maryland as a whole. The Access and Success grant program has increased the educational, and ultimately professional, success of many African American Marylanders; since the State's HBIs award baccalaureates to nearly half of all African American receiving degrees in Maryland.

The Access and Success funding will become a part of the operating budget at the HBIs under the Governor's Budget of FY 2007. Each HBI has been requested to develop a plan for the continuation of successful programs initiated under the Access and Success program. Guidelines for institutional plans have been distributed to the HBIs. It is anticipated that the majority of funds will be used for the continuation of present retention and graduation programs and for the extension of the best programs developed under Access and Success, which have been focused on "at-risk" students, to the general student population.

In addition, the Budget contains a \$100,000 provision for consultant services to the HBIs for an intensive study of their policies and practices relating to first-year students. The literature on retention and experience identifies the first-year experience as crucial to a student's success in college. This is an attempt to focus on the factors at each HBI that will improve the first-year experience in ways that will improve the persistence of freshmen into the sophomore year. The Commission will employ a nationally known consultant who will work with the student affairs staff of the HBIs to organize a self-study of campus practices and compare these to national best practices.

2. The Secretary should comment on the need for PDS expansion and how it will be implemented.

Support of this budget request is not an expansion of PDS. Rather, it represents state support for the full implementation of PDSs, which currently does not exist. Nearly all of the growth and positive results of PDS implementation in Maryland are as a result of external funding brokered by MHEC and MSDE through Eisenhower, Goals 2000 and Title II Teacher Quality

Enhancement federal funding. That funding is no longer available. There must be state aid to institutions of higher education to support PDS work to continue to see the positive results from PDSs.

The teacher shortage is both a national and Maryland dilemma. Recent national perspectives from the National Commission on Teacher's and America's Future (NCTAF) and others suggest that high attrition rates in the first five years are the dominant factor driving the demand for new teachers. In other words, in addition to providing pathways and incentives to certification, Maryland must improve its ability to retain teachers already in the pipeline if it's ever to successfully combat the teacher shortage. Professional development schools are recognized both on the state and federal levels as being a method of ensuring improved teacher retention.

3. The Secretary should comment on how the new grants administered by MHEC will be implemented.

Professional Development Schools (PDS)

In its budget analysis, the Department of Budget and Management (DBM) recommended, "If funds are made available, MHEC should develop a methodology to distribute the available funds based not only on the number of FTES, but also the activities and needs of the individual schools." The K-16 Partnership Co-Chairs, Drs. Calvin W. Burnett, Nancy S. Grasmick, and William E. Kirwan, support the following funding scenario for PDSs.

1. Allot \$5,000 to each IHE with less than 2,000 FTEs to support summer strategic planning for required accountability.
2. Allot \$10,000 to each IHE with more than 2,000 FTEs to support summer strategic planning for required accountability.
3. Allot \$2,000 to Peabody and MICA (they do not support an individual PDS due to restrictions of content area, but they use others' PDSs).
4. Allot \$5,000 to all 22 IHEs to ensure collection of retention data and teacher quality data to support required accountability.
5. Divide the remaining funds per intern using numbers acquired from TPIP. The "per intern" number would be based on the average of the previous two years. This is different from the Teacher Staffing Report as it reports total number of completers. We are only funding based on the number of interns in PDS.

Using figures from the 2004 MSDE PDS Study, the recommended PDS funding scenario would be as follows:

Direct Support for PDS activities to IHEs not fielding their own PDSs	
2 IHEs @ \$2,000	\$4,000
Support for Required Strategic Planning for IHEs with less than 2,000 FTEs	
8 IHEs @ \$5,000	\$40,000

Support for Required Strategic Planning for IHEs with more than 2,000 FTEs
 14 IHEs @ \$10,000\$140,000

Support for Retention and Teacher Quality Data Collection
 All IHEs (22) \$5,000 each.....\$110,000

Total for direct allotment:\$294,000

Budgeted amount (?) \$2,000,000
 Minus direct allotments \$294,000

\$1,706,000

\$1,706,000 ÷ (2-year average of PDS interns reported to MSDE) = allotment per IHE

Example: \$1,706,000 ÷ 1,690 (number of PDS interns reported to MSDE) = **\$1,009 per intern**

Based on this example, the largest producer, Towson, would receive \$498,000; the smallest producer (other than MICA and Peabody), Columbia Union College, would receive just over \$20,000.

MIPS grant

MHEC would require the Maryland Industrial Partnerships Program (MIPS) to submit a statement of intended use detailing how State funding for the program will be used in fiscal 2007 in June or July 2006. The funds would then be released. MHEC would then require MIPS to submit a report in August 2007 certifying how the funds were expended in fiscal 2007.

Community College Disability Demonstration Project

The goal of the Community College Disability Demonstration Project is to increase the number of students with disabilities attending community college and who graduate or transfer to 4-year institutions. Program guidelines will be established by the Maryland Department of Disabilities and MHEC will administer the funds to the community colleges. These guidelines will consider the number of potential eligible students per college. Dollars must be spent to purchase additional necessary supports based on a list or through approval by MDOD. Examples of these services include assistive technology, aides or support staff for classroom or intern experiences, intensive tutoring, individualized career counseling, soft skills development, job seeking skills development, counseling, readers, and notetakers. The monies must be disbursed to new students.

Community colleges are not to reduce any of their current spending on disability services as a direct or indirect result of this program.

Maryland Go For It! Grant

The Maryland Go For It! Initiative will assist the State with the development of a concerted, outreach campaign to get a focused, branded message to students about what to do in school to prepare for college and what financial aid is available to pay for college. To implement the initiative, it is being recommended that a K-16 Outreach Subcommittee be appointed to develop the statewide outreach campaign, which will be supported by an alliance of Maryland educational agencies, business leaders, parents, nonprofits, and national organizations that will encourage students to aim higher to succeed in high school and transition into college. The K-16 Outreach Subcommittee will also work with the Southern Governor's Association's Gates Foundation grant initiative and the Southern Regional Education Board's *Go Alliance* to benefit from sharing media materials that are being developed in other states. The major components of the outreach campaign will be:

- ?? Planning and message development
- ?? Printing and other production
- ?? Dissemination and fulfillment (e.g., mail houses, web hosting, 800 numbers)
- ?? Outside contractors and consultants
- ?? Meetings and events
- ?? Media and public relations
- ?? Research and evaluation

It is envisioned that the statewide outreach campaign will include using nonprofit and faith-based organizations to convey the message to students and parents. Individuals from these organizations will be trained and supplied with information to use with small groups of students and parents. The central part of the message will be what courses students need to take to succeed and that every student needs a mentor. Small grants will be provided to these organizations to assist with these efforts.

First Year Experience

MHEC plans to use the funds to hire a consultant, experienced in the field of enhancement of first-year experiences, to work with the HBIs.

- 4. The Secretary should comment on how MHEC will recommend funding for RHECs in the future. MHEC should also comment on the status of the \$250,000 restricted funds for the Eastern Shore Center.**

The Commission will consider a funding strategy proposal for regional higher centers this spring from a work group comprising representatives from the regional higher education centers (centers), the University System of Maryland, the Maryland Association of Community Colleges, and the Maryland Independent College and University Association formed to develop the strategy for the Fall 2005 response to a Joint Chairmen's request. This funding strategy will be implemented for use in developing the FY 2008 MHEC operating budget, subject to restrictions placed upon the funding by the administration or legislature.

The Maryland Higher Education Commission is charged with oversight of State funding for centers that are not governed by the University System of Maryland (USM) Board of Regents. Centers under Commission oversight may submit a request for State funding each year.

Under the work group proposal, State funding is intended to help defray expenses associated with the operations of the center inclusive of utilities, lease, administration, support services and other operating expenses that support baccalaureate and graduate programs at the center. All programs should address the needs of citizens in unserved or underserved areas of the state and that respond to the needs of businesses and industries in the areas that they serve. Furthermore, the work group proposal takes into consideration the different types of centers and the different revenue sources available to each type of center. The funding strategy is designed to support center activities for FTES enrolled in upper division and graduate programs and lower division FTES enrollments in the 2 + 2 programs that are offered at the center.

The proposed funding strategy includes the following components:

1. Base allocation of \$200,000 for each center to support the basic operation of the center,
2. Incentive funding based on funding per upper-division and graduate division full time equivalent student (FTES) enrollments and lower division FTES enrolled in 2 + 2 programs offered at the center,
3. Special funding designated for initiatives such as start-up of new centers; support for high need, critical, and special programs to meet regional needs; one-time enhancement funding; and funding for non-capital equipment. Each request is examined on a case-by-case basis, and/or
4. Leasing Costs based on funds per upper division and graduate FTES at centers that lease facilities.

Centers that seek funding from the State will be required to submit an annual budget request. The Commission will recommend funding according to the funding strategy for those centers whose funding it oversees. The Commission's recommendations will be based on the following:

1. Funding priority for the base allocation to ensure consistency and predictability in funding;
2. The number of FTES at the upper-division and graduate level in the RHEC and FTES enrolled in 2 + 2 programs offered at the center;
3. Special funding such as support for the start-up for new centers or new initiatives in high need areas;
4. Evidence that the center meets mission and strategic plan goals and objectives as set forth by the RHEC and strives to be fully utilized;
5. Programs provided or to be provided that address the needs of citizens in unserved or underserved areas of the State; and
6. Programs provided or to be provided that respond to the needs of businesses and industries in the areas in which the RHEC serves.

Funding for Eastern Shore Regional Higher Education Center

The \$250,000 remains unallocated at this time.

5. The Secretary should comment on the status of the final report on the OCR Partnership Agreement and the next steps.

In September 2005, the Secretary of Higher Education convened two committees to review Maryland's progress in meeting the terms of the OCR Partnership Agreement. Committee I focused on Commitments 1 – 8 of the Agreement and Committee II focused on Commitment 9. Both committees have completed reports, which are being forwarded to the Commission for consideration in the development of a final report to OCR.

6. MHEC should comment on the effectiveness of money tied to service obligations for keeping nurses working bedside in Maryland and on the long-term physical space needs of nursing education. Both HSCRC and MHEC should comment on the possibility of nursing school supply limitations in Maryland; and to what extent the three to five year competitive grants will be able to sustain long-term nurse faculty support and bedside nurse education and retention.

MHEC believes that the State Nursing Scholarship is an effective way to keep nurses working bedside in Maryland and that it is contributing towards the total number of new nurses entering the State workforce. In 2004, MHEC conducted a study of the Nursing Scholarship Program. The study found that an overwhelming number of participants began their career as nurses and will continue to do so even after the service obligation component is completed. In addition, each year, students who have received this scholarship are graduating and beginning their careers as nurses. MHEC is currently tracking 1,043 recipients in its service obligation database. Of this number, 459 (44%) have completed their service obligation and 390 (37%) are currently performing their service obligation. These statistics show that 81% of the graduates receiving this scholarship are working in Maryland as nurses.

The Nurse Support Program II was guided by data collected through the Nursing Capacity Study conducted by MHEC in 2005. In telephone and written surveys, Maryland's 24 deans and directors identified both: (1) the limitations to increasing nursing graduates and (2) possible strategies to expand the capacity of Maryland's nursing programs. The Nurse Support Program II will fund various strategies identified by Maryland's nursing schools. Statewide Initiatives will fund fellowships for new nursing faculty as well as scholarships and stipends for students in graduate and undergraduate nursing programs. Competitive Institutional Grants will provide funding to encourage hospital and nursing school collaboration to share teaching space, increase clinical training opportunities, and create dual roles for nurse clinicians in teaching and clinical care. Institutional grants also will be available to increase Maryland's nursing faculty by promoting nursing faculty careers, expanding students recruitment to Maryland's nursing programs, and increasing enrollments in graduate programs leading to nursing faculty careers. Finally, grants will be available to expand the supply of bedside nurses by improving the graduation rates of Maryland's nursing programs.

The Nurse Support Program II is designed for long-term impact and sustainability. First, each application for a competitive institutional grant must "provide a plan for sustainability following NSP funding" in the section entitled the "Scope of the Proposed Initiative". The importance of sustainability is demonstrated by the fact that this section of the application is worth up to 30%

of the maximum points that can be awarded an institutional grant proposal. Second, NSP II will fund nurse faculty education to provide the faculty necessary to meet the immediate and long-term needs of Maryland's nursing schools. The intent is to train nurse faculty who will continue to teach nurses for many years. The faculty trained through NSP II will not be temporary or on-loan from the healthcare industry. Finally, NSP II was created for a 10-year period. HSCRC will monitor the impact of the initial awards and make adjustments as the changing supply and demand for bedside nurses warrants. Successful initial competitive institutional grants may be renewed and additional grants awarded to meet the future needs for nurses and nursing faculty.

MHEC responses to DLS Recommended Actions

- 1. For the past four years, the General Assembly has required MHEC to submit a report on how the HBI enhancement funds will be spent. DLS recommends that this language again be added to the budget.**

The Commission concurs with this recommendation.

- 2. The fiscal 2007 allowance is based on budgeted FTES. In order to effect this change in fiscal 2007, an additional \$1.3 million would need to be provided by the Governor for the community college and Sellinger formulas. MHEC is awaiting direction from the General Assembly before the change could be made by MHEC without legislation. DLS Recommends that budget language be adopted directing MHEC to use the MHEC enrollment projections when calculating general funds per FTES beginning in fiscal 2008.**

The Commission concurs with this recommendation.

- 3. Therefore, DLS recommends reducing the allowance (for the Private Donation Incentive Program) by \$433,073.**

The Commission concurs with the analysis and recommendation.

- 4. DLS recommends reducing the funds to the UMBC School of Aging Studies by \$1.75 million in fiscal 2007. Taking this reduction into consideration, the school would still receive \$1.75 million in fiscal 2007. This would leave an anticipated \$1.75 million in funding for fiscal 2008, which would fulfill the total State funds anticipated for the school. This will be discussed further in the UMBC budget analysis.**

The Commission does not concur. The fiscal 2007 funds are crucial to launching the programs to be offered by this school, and these launching efforts must be conducted in fiscal 2007 rather than the following year. For UMBC to make tenure commitments to world-class faculty and to continue the development and inception of its academic programs, it requires the full amount of this time-sensitive budget request. After fiscal 2007, the school will become self-sustaining

through tuition, and it has already established a strong grant capacity with over \$5 million in NIH research grants acquired.

- 5. DLS recommends reducing the allowance for PDS by \$1.5 million. The remaining increase of \$500,000 would allow an additional 289 teacher education students to participate in a PDS in fiscal 2007.**

The Commission and the Maryland K-16 Leadership Council co-chairs, Secretary Calvin W. Burnett, State Superintendent of Schools Nancy S. Grasmick, and Chancellor William E. Kirwan, do not concur with the DLS recommendation to reduce funding for Professional Development Schools.

Support of this budget request is not an expansion of PDS. Rather, it represents state support for the full implementation of PDSs, which currently does not exist.

- 6. DLS recommends deletion of the \$1 million in MHEC's budget (for the Maryland Industrial Partnerships Program). The program can be funded directly out of USM budgets.**

The Commission does not concur. The Maryland Industrial Partnerships (MIPS) creates academic-industrial partnerships to transfer technology and bring University of Maryland faculty expertise to Maryland companies. MIPS is recognized as a national model as a highly effective technology-led economic development program. MIPS projects include technology areas such as biotechnology, nanotechnology, solutions for homeland security, and software development. For each MIPS dollar invested in a technology development project, \$5 is spent by Maryland companies in support of technology-based research at University of System of Maryland Institutions.

Commercial products aided by MIPS research include MedImmune's \$3.4 billion-selling Synagis, which prevents the respiratory disease RSV in infants, Black & Decker's efficient masonry drill bits, Hughes Network Systems DIRECWAY, the world's leading Internet-by-satellite product for consumers, and Martek Bioscience's additive for infant formulas, which helped the company generate \$184 million in revenue in 2004.

- 7. DLS recommends deletion of the \$500,000 in MHEC's budget for the Academy of Leadership. The program can be funded directly out of UMCP's operating budget.**

The Commission does not concur. The fiscal 2007 allowance funding will continue to provide general support for the Academy of Leadership and will fund continued development and program implementation of the Rawlings Center for Public Leadership. Last year the Academy of Leadership received \$500,000 to support work in the areas of undergraduate leadership education and leadership research, and to facilitate the creation of the Howard Peters Rawlings Center for Public Leadership.

The first year's allocation is being used to hire core staff and to develop programs. Rawlings Center staff includes a part-time Research Professor, the Center Director and Deputy Director, and a Program Coordinator/Administrative Assistant. Programming will include 3 Fellows programs (Senior Fellows, Fellows, and Undergraduate Fellows) focused primarily on attracting individuals from groups historically under-represented in public leadership, and Rawlings Forums.

The Rawlings Fellows program will begin early Fall. The program will consist of intensive leadership training for 15 – 20 emerging leaders primarily from historically underrepresented groups from across the state.

Rawlings Senior Fellows will be appointed this summer. One year unpaid positions will be offered to select senior public leaders who wish to contribute to campus life as well as write, reflect, or teach a course relevant to public leadership. The Rawlings Fellows will have offices in the Academy's Lucille Maurer Leadership Library.

The Rawlings Center Forums and Conferences are speaker and conference series designed to bring a diverse range of Maryland public leaders to the campus to interact with Rawlings Fellows and other members of the campus community. A range of off-campus speakers have participated including Gov. Ehrlich, Senate President Miller, Prince George's County State's Attorney Glenn Ivey and many others.

8. DLS recommends reducing the grant for the UMB Wellmobile to the fiscal 2006 level. Additional funds can be provided through UMB's budget.

The Commission does not concur with the recommended reduction to the UMB Wellmobile. The Wellmobile provides a cost-effective health care alternative for needy residents, while also assuring that necessary preventive health screenings and examinations are conducted. The Wellmobile also delivers the appropriate preventive health care that uninsured and underserved residents lack in the communities where they live. Without the Wellmobile, many of these residents would have their illnesses go untreated and would rely on more costly hospital-based services, such as emergency rooms and acute care units for care. The clientele of the Wellmobiles continue to grow more complex with multiple levels of care needed. These more complex patients necessitate more case management.

9. DLS recommends eliminating the \$200,000 grant for IMPART. Public and private higher education institutions, comprising most of the IMPART consortium, receive over \$1 billion in State general funds in the fiscal 2007 allowance and can fund the program through their operating budgets.

The Commission does not concur. Five of the eleven IMPART partners are State entities, while the other six are institutions of higher education. This program provides an opportunity and incentive for teaming resources across institutions of different kinds and for creating efficient pathways from higher education into the growing heritage industry in Maryland. The State does not produce enough trained professionals in this field to meet its needs, and this program addresses that issue through the development of high-quality training programs.